Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on "The Energy Policy and Conservation Act of 1975: Are We Positioning America for Success in an Era of Energy Abundance?"
December 11, 2014

(As Prepared for Delivery)

This morning's hearing will focus on the Energy Policy and Conservation Act of 1975 (EPCA). In particular, we will explore whether this very important but nearly 40-year old statute is suited to deal with the nation's changing energy landscape.

In the years since EPCA was enacted, we have reviewed many of its key provisions to determine if they still made sense. Some, like the price controls on domestic oil, were deemed counterproductive and were dropped. Specifically, we learned that suppressing the price of American oil did nothing to lower the price at the pump and instead served to discourage domestic drilling. As a result, President Reagan eliminated these price controls, and we are all better off because of it.

In contrast, other provisions in EPCA are still being implemented including the Strategic Petroleum Reserve and the Corporate Average Fuel Economy (CAFE) standards for cars and trucks.

Among the provisions still in place are the restrictions on exports of crude oil. In retrospect, it is easy to understand why these restrictions were a part of the 1975 law. At the time, America was facing declining domestic oil output and increasing dependence on imports from nations hostile to our interests. And at the same time, the nation's demand for gasoline was on the rise. Export restrictions were also necessary to avoid circumventing the price controls then in effect.

So, despite the fact that America usually favors free trade, we decided to make an exception when it comes to oil. And almost 40 years later, this policy remains in place.

But as we all know, the trends behind the oil export restrictions have dramatically reversed themselves in recent years. Thanks to advances in hydraulic fracturing and directional drilling, domestic oil production has been sharply rising, and the Energy Information Administration expects continued increases in the years ahead. Meanwhile, oil imports have declined from a peak of 60 percent to around 30 percent today, and EIA expects the net import share to decline to 21 percent in 2015, all while gasoline usage has begun what many predict to be a long-term decline. Overall, most of the original justifications for the oil export restrictions are disappearing.

In fact, America may soon be producing more oil than it can handle. It is important to note that not all oil is the same, and in fact there are distinctly different types. The largest increases in American production have been the lighter types of liquid hydrocarbons, which are not what most U.S. refineries are set up to process. This light oil is better suited to many foreign refineries, and for that reason there is a strong demand for American oil around the world.
This morning's hearing lays the foundation for our discussion of oil exports with a thorough historical review of current law and its origins. There are a number of questions that need to be answered, but first we need a better understanding of how we arrived where we are today.

As with our discussion of natural gas exports, we will conduct a thorough analysis and give all points of view the opportunity to be heard before we consider whether to take action.

###